



**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, August 18, 2016

10:30 AM

AUDIO FOR THE ENTIRE MEETING. (16-4145)

Attachments: [AUDIO](#)

Present: Chair James A. Blunt, Vice Chair Dorinne Jordan and Maria Chong-Castillo

Absent: Member Kieu-Anh King, Member Carl Gallucci and Member Fred Leaf

I. ADMINISTRATIVE MATTERS

1. Call to Order. (16-3878)

The meeting was called to order by James Blunt at 10:36 a.m.

2. Approval of the July 21, 2016 meeting minutes. (16-3879)

Dorinne Jordan, Second District, requested that Agenda Item No. 6 in the draft minutes be amended as followed:

Page 3, First Paragraph;

Mr. King indicated that by starting this discussion, the Committee can have regular interaction with A-C staff to figure out how to allocate more resources to emerging priorities and fewer resources to less pressing matters.

Page 4, First Paragraph;

Robert Smythe, A-C, indicated that one thing the Committee should

consider is that A-C has a budget that includes revenue and **Intra** Fund Transfer (IFT) **funds**; audits that are not supported by a lending source, will come out from net county cost.

On motion of Dorinne Jordan, seconded by James Blunt, this item was approved as amended.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

3. Recommendation to extend sunset review date for Board Policy No. 4.070 - Full Utilization of Grant Funds, to September 21, 2021 (7/27/16). (16-3891)

James Blunt, First District, asked if there is confirmation that a review of grant expenditures and a plan to ensure full utilization of all funds is being conducted. Matt McGloin, Chief Executive Office (CEO), indicated that the plan is to reinforce the policy once it has been adopted; they are currently exploring different methods to monitor the budget status.

In response to questions posed by the Committee, Mr. McGloin confirmed that the policy will assist in ensuring that all funds are utilized in an appropriate manner and that each department is responsible for reinforcing the policy. Nonetheless, the CEO's office will be reviewing the underutilization of revenues compared to budget. A discussion on a plan to manage grants with the Department of Public Health was conducted and may be discussed with the budget deputies soon.

Maria Chong-Castillo, Third District, requested this subject matter be monitored and placed on the agenda on a quarterly basis.

On motion of Dorinne Jordan, Seconded by James Blunt, the Audit Committee took the following action:

1. Approved Board Policy No. 4.070; and
2. A discussions item will be added on the Agenda quarterly to allow updates on the monitoring of full utilization of grant funds.

Attachments: [SUPPORTING DOCUMENT](#)

III. OLD BUSINESS

4. Recommendation to review changes to Board Policy No. 5.030 - Low Cost Labor Resource Program and to extend the sunset review date to October 3, 2020 (7/6/16). (16-3411)

Dorinne Jordan, Second District, asked if employers participating in the low cost program are subject to the minimum wage and living wage requirement. Yolanda Young, Internal Services Department (ISD), confirmed that they are only subject to the minimum wage requirement because those are required by the State and Federal. Ms. Young added that since the Probation Department, Department of Public Social Services, and Sheriff's Department have low cost programs, these County departments are subject to County salary requirements; therefore, minimum wage is not required.

On motion of Dorinne Jordan, seconded by Maria Chong-Castillo, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

5. Recommendation to review changes to Board Policy No. 9.180 - Management Appraisal and Performance Plan (MAPP), Tier I and Tier II, Salaries on Appointment, Promotion or Voluntary Demotion and extend the sunset review date to September 15, 2020 (6/15/16)(Continued from the meetings of 7/21/16 and 8/18/16). (16-3390)

James Blunt, First District, asked if the revisions requested by the Committee were completed. Napoleon Valera, Chief Executive Office (CEO), confirmed that the revisions were made.

Dorinne Jordan, Second District, requested information on the salary threshold amounts and the applicable County Code Section. Mr. Valera indicated that the threshold amounts have been increased to align with the Los Angeles County Code Section 6.08.370.B and to comply with the Cost of Living Adjustments (COLA). Aaron Palacios, CEO, added that the threshold amount is now \$164,000 and will be adjusted October 1, 2016 to reflect the board approved salary increase.

Mr. Blunt referenced the previous concern of salary threshold amounts stricken from the policy. Mr. Valera indicated that the section code is in compliance with COLA increases. Mr. Palacios added that they were concerned that the sunset review date is in 2020 and bargaining activities will commence in two years; they want to ensure salary

amounts were tied to the code so that accurate amounts were reflected.

On motion of Dorinne Jordan, seconded by James Blunt, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

6. Department of Health Services - Contract Monitoring Operations Review (2/23/16)(Continued from the meetings of 3/17/16, 5/19/16, 6/16/16, 7/21/16 and 8/18/16). (16-1237)

Aggie Alonso, Auditor-Controller, reported that the Department of Health Services is due to provide feedback at the Health Cluster meeting and will be ready to return to the Committee after their presentation scheduled for September 28, 2016. At this time, it is requested that this item be continued.

In response to questions posed by the Committee, Mr. Alonso confirmed that the delay is due to a quorum issue at the Health Cluster.

On motion of James Blunt, seconded by Dorinne Jordan, this item was continued two months to October 20, 2017.

Attachments: [SUPPORTING DOCUMENT](#)

7. Department of Agricultural Commissioner/Weights and Measures - Voyager Card Review (7/15/16). (16-3594)

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

8. Department of Children and Family Services - KinderTrack System Review (7/15/16). (16-3595)

Dorinne Jordan, Second District, asked what the liabilities to the County are by not reconciling the premium child care payment errors that have occurred since 2003. Rogelio Tapia, DCFS, stated that the California Department of Education (CDE) audited DCFS last year and did not find that issue. Mr. Tapia indicated that DCFS corrected the issue previously and there is a minimal chance of anything coming back for repayment; DCFS will continue to monitor it

In regards to statute of limitations, Onnie Williams III, DCFS, confirmed that they can only pay out of the current year's budget and provided a

brief example.

Mr. Tapia will check with the CDE on their audit standards and inquire if, once the audit is closed, can they go back to review and if so, how far back can they review. Mr. Tapia will report back to the Committee on this topic.

Ms. Jordan indicated that she is unclear what is being done to address the recommendation on reducing the risk of payment errors. Lena Ward, DCFS, explained that they had worked with the vendor to correct the system so payments can be adjusted as they come in. Ms. Ward further explained the necessary adjustment when the regional market rate changes and also explained the procedure when receiving legal provisions.

Mr. Williams confirmed that the Child Care unit and Fiscal Operations and Program both receive the management bulletin on regional market rates and legal provisions. Together they review the provisions and determine if there are any adjustments to the rates and apply it in the system accordingly.

On motion of Dorinne Jordan, seconded by Maria Chong-Castillo, this item was received and file. On motion of Dorinne Jordan, seconded by Maria Chong-Castillo, this item was reconsidered and continued two months, to October 20, 2016 to allow Mr. Tapia to report back with audit standards from CDE.

Attachments: [SUPPORTING DOCUMENT](#)

9. Department of Children and Family Services - Procurement Follow-Up Review (7/15/16)(Continued from the meeting of 7/21/16). (16-3596)

James Blunt, First District, asked for additional information regarding the use of brokers and the three bid requirement. Corinne Chico, A-C, provided a brief overview of the A-C findings relating to the increased cost to the County in instances where DCFS did not obtain the required three bids on several purchases.

Maria Chong-Castillo, Third District, asked for an overview of the Corrective Action Plan. Kym Renner, DCFS, indicated that the systemic process does not have the component to control how vendors obtain items.

Mr. Blunt asked Internal Services Department (ISD) staff to provide

information. Joe Sandoval, ISD, provided an overview of the process and noted that DCFS was utilizing a broker and not obtaining the required three bids. Ms. Renner indicated that they were not aware of three bids not being obtained and confirmed that there are areas of improvement that they are working on. Mr. Sandoval confirmed that the bid process is open to competitors and identifies bids with the lowest prices and brokers cannot be excluded.

Ms. Chico confirmed that the finding of not obtaining the required three bids was discussed during the exit interview. Mr. Campbell added they have records from DCFS that the Internal Controls Section completed a comprehensive review of this same issue in 2011-2012 therefore DCFS has had previous knowledge of this issue. Ms. Chong-Castillo expressed concern with the lack of corrective action. Mr. Blunt indicated that the current review is in part, a follow-up review to the 2007 audit and similar issues have been identified.

Dorinne Jordan, Second District, asked for the internal controls process DCFS is using to report findings. Onnie Williams, DCFS, indicated that the department currently reports to the Senior Deputy and is developing a dual reporting process that will filter information to the Chief Deputy and the Director.

Ms. Chong-Castillo requested DCFS staff provide a current and proposed reporting structure organizational chart.

Ms. Renner indicated that they can provide a functional org chart of what was prior to the audit and what is today. DCFS has met with Robert Smythe to assist in identify methods to improve the systemic component of the procurement process and they are in the process of hiring an appropriate level manager for the Procurement Section.

Ms. Renner provided an overview of the Corrective Action Plan related to the systemic issues and responded to questions posed by the committee.

Mr. Blunt referenced Item No. 1 regarding the need for higher level staff and noted that he is not agreement; there is a need for staff that follow the guidelines and not necessarily higher level staff. Ms. Renner emphasized that there is a need for appropriate level staff as an appropriate long term solution.

Ms. Chong-Castillo asked if a new position will be created. Ms. Renner indicated that she is currently working with personnel to identify staff position options. Mr. Sandoval added that the ASM III position was allocated as part of the CAP in 2007, ISD provided training during that time. Ms. Renner confirmed that there are 23 staff allocated in the Procurement Section. Ms. Jordan asked DCFS staff to provide a procurement organizational chart and expressed concern with the amount of time that has passed.

Ms. Chong-Castillo questioned the monitoring efforts by DCFS and A-C and expressed concern with the lack of oversight. Mr. Campbell explained that there is a Board Policy on follow-up reviews. Discussion ensued regarding DCFS monitoring and internal control reviews.

The Committee asked that DCFS report back quarterly and annually, to ensure systemic changes are made and issues are resolved. In addition, DCFS was asked to submit a matrix of corrective actions, an organization chart of the report structure and a procurement organization chart, two weeks prior to the November 17, 2016 meeting for review.

After discussion, on motion of James Blunt, seconded by Dorinne Jordan, this item was continued three months to November 17, 2016.

Attachments: [SUPPORTING DOCUMENT](#)
 [SUPPORTING DOCUMENT - CAP](#)

IV. REPORTS

10. Final Cash Flow Report - Fiscal Year 2015-16 (7/20/16). (16-3885)

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

11. Vista Del Mar Child and Family Services - A Department of Mental Health Service Provider - Program Review (7/27/16). (16-3888)

Dorinne Jordan, Second District, noted that this audit had zero findings and asked if the recent review was a follow-up to an existing audit or a new audit. Elaine Boyd, Auditor-Controller, confirmed that this is a new program review. Aggie Alonso, A-C, indicated that a follow-up on the previous review can be provided.

On motion of Dorinne Jordan, seconded by Maria Chong-Castillo, this

item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. Department of Mental Health - Procurement Review (8/1/16). (16-3890)

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

13. AltaMed Health Services Corporation - A Community and Senior Services Los Angeles County Youth Jobs Program Provider - Contract Compliance Review (8/4/16). (16-3955)

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

14. Contractor Alert Reporting Database Status Report - August 2016 (8/11/16). (16-4060)

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

15. Community and Senior Services - Reviews of Workforce Investment Act Service Providers - Fiscal Year 2014-15 Summary Report (8/12/16). (16-4094)

On motion of Dorinne Jordan, seconded by James Blunt, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

V. DISCUSSION AND ACTION ITEMS

16. Discuss and take appropriate action on updating the Board of Supervisors Board Policy Manual by Lori Glasgow, Executive Officer (Continued from the meeting of 6/16/16). (16-2916)

Lori Glasgow, Executive Officer, Board of Supervisors, introduced this item and noted that the proposed changes are not substantive.

John Wei, Assistant Executive Officer, presented the current Board Policy website; they are currently working with Municode on features such as search by word, export to Word Doc. and email sharing. Mr. Wei

provided the breakdown of cost per page and maintenance for the new website. The timeline to convert to the new Board Policy website would be 90-120 days from the time they have a contract in place.

In response to questions posed by Maria Chong-Castillo, Third District, Lorayne Lingat, Deputy Executive Officer, advised that sub headers will be removed; however, it will not change the number of policies. Ms. Lingat added that staff is proposing to that Board Policy 3.005 - Posting Board Memos and Letters Online, be moved to Chapter 2 and be renumbered to 2.020 as it relates to Communicating with the Board of Supervisors. Ms. Glasgow advised that Board approval is not needed.

After discussion, on motion of Dorinne Jordan, seconded by James Blunt, the Audit Committee took the following actions:

1. Approved the proposed format change of the Board Policy website; and
2. Approved moving Board Policy 3.005 - Posting Board Memos and Letters Online, to Chapter 2, and renumbering the Policy to 2.020.

17. CCMD Reviews and Proposed/New Audit Update. (16-3881)

There were no matters presented.

18. Pending Audits/Monitoring Reports. (16-3880)

There were no matters presented.

VI. MISCELLANEOUS

19. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (16-3882)

There were no matters presented.

20. Public Comment. (16-3883)

No member of the public addressed the Committee.

21. Adjournment. (16-3884)

There being no further business to discuss, the meeting was adjourned at 11:53 a.m.